

SUBMISSION PAPER

Agricultural Competitiveness Issues Paper

Macquarie River Food and Fibre

Prepared by Susan Madden, Executive Officer
Prepared for the Department of the Prime Minister and
Cabinet Agricultural Competitiveness Taskforce

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████████████████████
PO Box 1657
DUBBO NSW 2830

████████████████████
mrff@bigpond.com
www.mrff.com.au

About MRFF

Macquarie River Food and Fibre (MRFF) represents the interests of over 500 irrigated food and fibre producers in the Macquarie Valley. Our membership comprises:

- Water Access Licence holders in the Macquarie Regulated River System, including both riparian irrigators and the individual members of the valley’s off-river irrigation schemes; and
- Aquifer Access Licence holders in the Lower Macquarie Groundwater Sources.

MRFF is supported by a number of associated local businesses and service providers.

MRFF is a member of the NSW and National Irrigators’ Councils.

About this Submission

This document has been prepared for the Department of the Prime Minister and Cabinet Agricultural Competitiveness Taskforce as a submission on the *Agricultural Competitiveness Issues Paper*.

The submission is provided on behalf of irrigated food and fibre producers in the Macquarie Valley however it is noted that our individual members may wish to provide their own submissions.

Contents

1.	INTRODUCTION	1
2.	VALUE OF THE MACQUARIE VALLEY IRRIGATION INDUSTRY.....	1
3.	SPECIFIC RECOMMENDATIONS.....	2
	Expanding the valley’s irrigation industry	2
	Leasing or trading government water holdings.....	2
	Increasing supply capacity at Burrendong Dam	3
	Installing weather radar services in central and western NSW	3
	Upgrading storage, river and stream gauging networks.....	4
	Constructing an en-route storage in the Macquarie river system.....	4
	Addressing rising input costs driven by inefficiencies in government service provision	5
	Streamlining institutional arrangements and regulatory frameworks	6
4.	FURTHER INFORMATION	7

1. INTRODUCTION

- 1.1 Macquarie River Food and Fibre (MRFF) represent the interests of over 500 irrigated farming families in the Macquarie Valley in central west NSW. We exist in support of our members' vision for an efficient, productive and profitable irrigation industry in the Macquarie Valley.
- 1.2 MRFF commend the Federal Government's commitment to developing an *Agricultural Competitiveness White Paper* to drive agricultural policy and to ensure the sector remains a significant contributor to the national economy and to our regional communities.
- 1.3 MRFF welcome the opportunity to provide input to the first step in the development of the White Paper through a submission to the *Agricultural Competitiveness Issues Paper*.
- 1.4 MRFF does not seek to replicate the submissions made by peak industry and commodity groups. Rather, this submission provides specific recommendations to guide Federal Government policy and investment to enhance the efficiency, productivity and profitability of irrigated agriculture in the Macquarie Valley.

2. VALUE OF THE MACQUARIE VALLEY IRRIGATION INDUSTRY

- 2.1 Like most inland regions of NSW, the regional economy and local communities of the Macquarie Valley are heavily reliant on agriculture.
- 2.2 Access to water for irrigation, from both groundwater and surface water resources, is a key contributor to diversity and prosperity of agriculture in the Macquarie Valley.
- 2.3 Based on the long term average reliability of these water resources, irrigated agriculture in the region has the potential to generate over 50% of the regions gross value of agricultural production from less than 5% of the land area and less than 25% of available water resources.
- 2.4 An efficient, productive and profitable irrigation industry in the Macquarie Valley will:
 - Improve regional diversity and drought preparedness,
 - Increase the contribution of agriculture to our regional economy and local communities,
 - Drive private sector investment in research and development,
 - Ensure investment in our natural resource base, and
 - Attract the next generation of farmers and agricultural service providers.

3. SPECIFIC RECOMMENDATIONS

Expanding the valley's irrigation industry

- 3.1 Opportunity exists to expand irrigated agricultural production in the Macquarie Valley through increased access to the region's water resources.
- 3.2 The current level of extraction within the Macquarie-Cudgegong Regulated Rivers water source is well within sustainable levels determined by the Murray Darling Basin Authority.
- 3.3 Increasing access to the region's water resources while still providing for local environmental water requirements will provide an additional 70,000 Megalitres to the valley's irrigated agricultural industry on a long-term average annual basis.
- 3.4 Utilising sustainable levels of the region's water resources for irrigation will boost the value of agricultural production in the Macquarie Valley by \$45 million per year providing a three-fold benefit to the regional economy and local communities.
- 3.5 Increased access to the region's water resources can be provided through:
 - Lease or trade of government water holdings on a temporary or permanent basis, and
 - Enhancements to the region's major water storage infrastructure.

Leasing or trading government water holdings

- 3.6 The 'no regrets' policy of previous Federal and NSW governments to water buyback in advance of finalisation of the Murray Darling Basin Plan has resulted in the over-recovery of environmental water in the Macquarie regulated river system.
- 3.7 The opportunity exists for water holdings to be leased or traded to the irrigation industry on a temporary or permanent basis, thus increasing the productive capacity of the region's agricultural industry within sustainable levels.
- 3.8 Further, trade of government owned water provides the opportunity to generate revenue for Federal and State Governments while at the same time boosting regional productivity.
- 3.9 Trade of water owned by the Federal Government is currently restricted by Section 106 of the *Water Act 2007*. MRFF recommends that the *Water Act 2007* be amended to remove Section 106 and therefore remove the restrictions affecting trade of Federal water.

Increasing supply capacity at Burrendong Dam

- 3.10 A unique opportunity exists to expand the supply capacity of the region's major water storage, Burrendong Dam, at no cost to government.
- 3.11 The total storage capacity of Burrendong Dam is 1,678,000 Megalitres with only 1,188,000 Megalitres currently available for bulk water storage. The remaining capacity (490,000 Megalitres) is designated and operated for flood mitigation purposes.
- 3.12 Opportunity exists to review the current operating rules to maximise the potential of the existing storage infrastructure and improve the reliability of access for downstream towns, stock and domestic users, irrigators and environmental water users, while still providing the important flood mitigation role.
- 3.13 The review of the current operating rules for Burrendong Dam should take account of recent dam safety upgrade works, and advancements in forecasting and gauging technology since the completion of the dam in 1967.
- 3.14 Increasing supply capacity at Burrendong Dam should also be considered in conjunction with:
- Installing weather radar services in central and western NSW,
 - Upgrading storage, river and stream gauging networks, and
 - Constructing re-regulating capacity, or enroute storage, in the Macquarie river system.

Installing weather radar services in central and western NSW

- 3.15 An efficient agricultural industry requires access to timely, relevant and accurate information to fully inform production decisions.
- 3.16 Improved access to weather radar services is imperative for agricultural producers in central and western NSW who currently operate in a 'black spot' with inadequate coverage from existing radar stations at Moree, Gunnedah, Wagga Wagga and Sydney.
- 3.17 A comprehensive and consolidate case for installing a weather radar service in central and western NSW was commissioned by the Orana Regional Organisation of Councils (OROC) in 2012.

- 3.18 The GHD report (available [here](#)) highlights that in contrast to regions in Australia with similar demographics, industry, geography and weather patterns, the area covered by the Orana Region Organisation of Councils (OROC) is very poorly served by current Bureau of Meteorology (BOM) weather radar.
- 3.19 The report goes on to conclude that the public good economic, social and environmental benefits of a weather radar, as well as stakeholder support and equity considerations for the OROC Region, far outweigh the \$2.5 million capital cost of installing a weather radar facility.
- 3.20 MRFF recommends that this priority regional project be funded through the temporary or permanent sale of government water holdings.

Upgrading storage, river and stream gauging networks

- 3.21 Access to timely, relevant and accurate information for water storage and river heights is another key requirement for efficient management of the region's water resources.
- 3.22 Moderate to major flood events in the region over the past three years highlighted deficiencies in the current storage, river and stream gauging systems, which are yet to be addressed.
- 3.23 In particular, there is confusion with real-time information (provided by the NSW Office of Water), and river predictions and flood warnings (provided by the Bureau of Meteorology) made available from different sources. As well as confusion, costly delays are experienced as a result of conveying information between the various players, which also includes State Water Corporation and the NSW State Emergency Services.
- 3.24 MRFF recommends streamlined provision of timely and accurate information to river dependent communities and industries in the future, which could be achieved by contracting arrangements between the relevant agencies.
- 3.25 Further, MRFF recommends extension of the river gauging network on the Macquarie River and its tributaries and effluents to more accurately measure and predict flow events.

Constructing an en-route storage in the Macquarie river system

- 3.26 A range of options have been considered for increasing storage and delivery efficiency in the Macquarie regulated rivers for the benefit of water users and the environment.
- 3.27 A report commission by State Water Corporation in 2009 considered possible water savings in the Lachlan, Gwydir and Macquarie river systems.

3.28 The SKM report (available [here](#)) found that constructing an en-route storage in the Macquarie River system would greatly assist in reducing system delivery losses, with water savings offsetting the costs of constructing the storage structure.

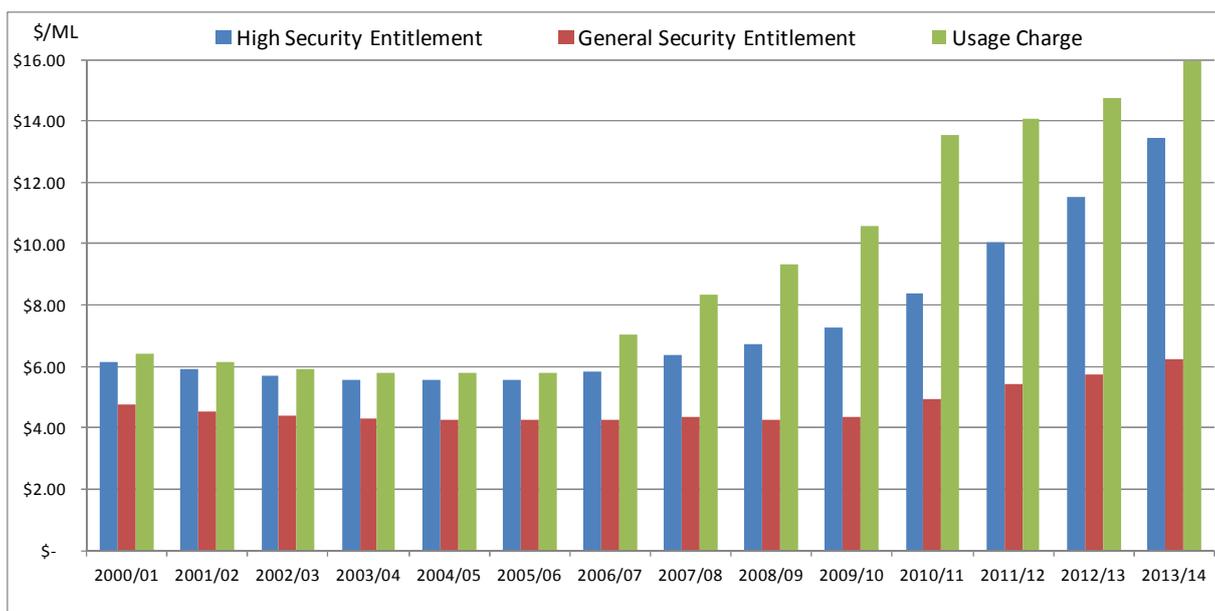
3.29 Advancing this project will require support and possible joint funding from the irrigation industry, Local Government, and Federal and NSW Government water holders and regulators.

Addressing rising input costs driven by inefficiencies in government service provision

3.30 Opportunity exists for the governments to ease pressure on rising input costs, and therefore farm business profitability, through more efficient management of public infrastructure and services that are relied upon by agricultural producers.

3.31 Above inflationary increases in water and energy costs continue to have a significant impact on irrigated agricultural producers in the Macquarie Valley.

Figure 1: Water charges in the Macquarie Regulated River System (\$2012/13)



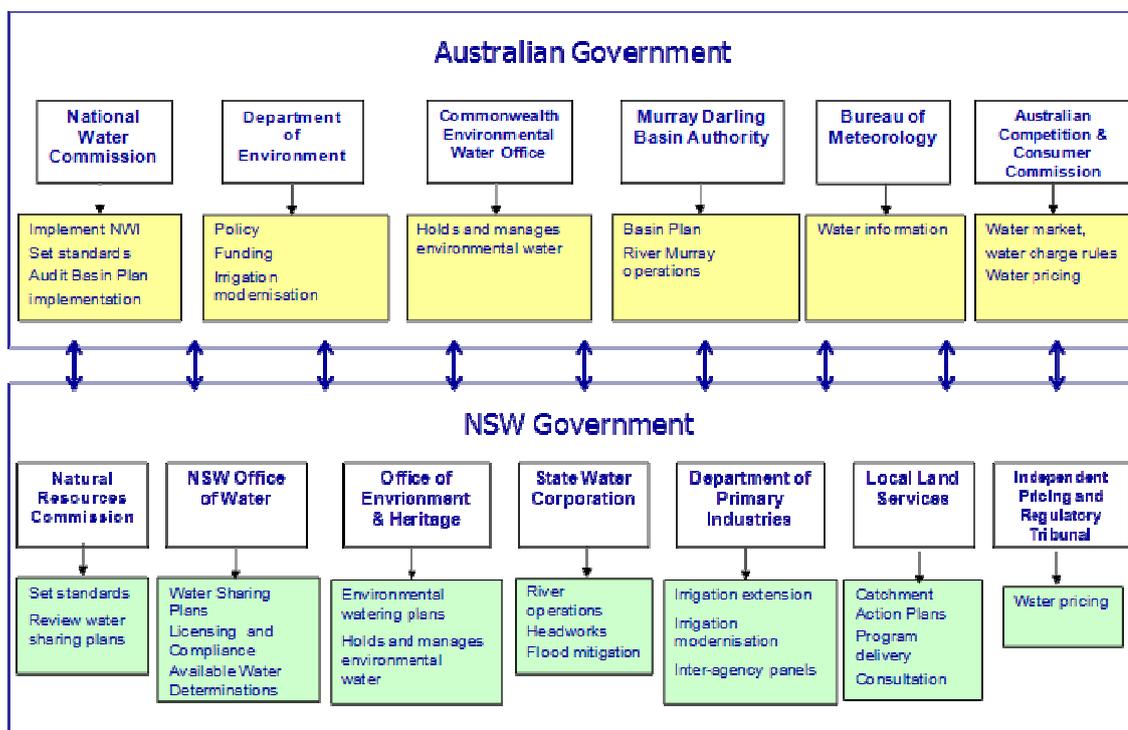
3.32 Many irrigators have sought to increase on-farm water use efficiency by adopting pressurised irrigation systems. Though leading to water savings, this technology has resulted in a trade-off between 'water intensity' and 'energy intensity' for many irrigators.

- 3.33 A study conducted by the NSW Irrigators' Council and Cotton Australia (available [here](#)) identified electricity cost increases for irrigators of up to 300 per cent over the last five years. The major drivers being network charges and State and Federal 'green scheme' costs, i.e. carbon charges.
- 3.34 MRFF supports the introduction of a food and fibre tariff to address the specific energy needs and requirements of irrigated agricultural producers.
- 3.35 In addition, the Federal Government must consider opportunities for streamlining institutional arrangements and regulatory frameworks to ensure the efficiency and effectiveness of service provision to irrigated agricultural producers.

Streamlining institutional arrangements and regulatory frameworks

- 3.36 The Federal *Water Act 2007* led to the establishment of a new layer of federal players in water management, which had previously been dominated by the states. This has led to considerable overlap within and across jurisdictions (refer Figure 2) compromising the efficiency and effectiveness of service delivery and regulations affecting irrigated agricultural producers.

Figure 2: Federal and state government agencies involved in water management



- 3.37 The current overlap between Federal and State Government agencies involved in water management must be reviewed.
- 3.38 Secure regulatory frameworks and efficient management of regional water resources is key to ensuring a confident and competitive irrigated agricultural industry that will drive private investment in our region.

4. FURTHER INFORMATION

MRFF thank the Department of the Prime Minister and Cabinet Agricultural Competitiveness Taskforce for the opportunity to provide a submission on the *Agricultural Competitiveness Issues Paper*.

Please be in touch should further information or clarification on this submission be required.

Contact: Susan Madden, Executive Officer

[REDACTED]

PO Box 1657

DUBBO NSW 2830

[REDACTED]

mrff@bigpond.com